



Financial Summary

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Agenda

- Healthcare Reform – Impact on Tenet
- 2009 Outlook – adjusted EBITDA
- 2009 Cash Walk-forward
- Capital Structure
- Driving to Positive Free Cash Flow

Contribution Analysis

(2008 data)

Aggregated across all payers

Total Admissions		530,303
Total Outpatient Visits		3,828,079
Total Adjusted Admissions ("AA")		771,704
Revenue per AA	(\$)	11,225
Variable Cost per AA (controllable cost)	(\$)	5,471
Bad Debt per AA	(\$)	819
Contribution per AA	(\$)	4,935

Contains assumptions about fixed and variable cost

Analysis of Certain Key Stats By Payer (2008 data)

	Commercial ¹	Medicare ²	Medicaid ³	Uninsured	Charity
Admissions	155,942	220,353	79,932	24,280	9,397
Outpatient Visits	1,627,769	1,089,395	684,947	403,977	21,991
Adjusted Admissions ("AA")	263,117	232,074	159,383	52,202	10,973
Average Length of Stay	4.1	5.8	4.8	3.6	5.3

¹ Includes "other" which consists primarily of commercial/indemnity payers

² Includes both traditional Medicare and Medicare Advantage plans

³ Includes Medicaid and Managed Medicaid plans

What Do We Know?

- All payers except uninsured and charity cover their variable cost and, therefore, provide positive contribution margin
- Only commercial volumes, as an aggregate payer class, cover allocated fixed costs or fund capital expenditures (using depreciation as a proxy)
- There is a significant inpatient/ outpatient mix variance between paying and non-paying patients
- There is cost variance due to patient mix and utilization patterns of patients attributable to different payers

Open Questions:

- What will be the regulatory impact on:
 - Commercial managed care pricing
 - Pharmaceutical and device pricing
 - Increased utilization by formerly uninsured
 - Decrease in utilization by Medicare
 - Deductibles and co-pays
 - Commercial enrollment
 - Enrollment in any new plans created
- What are the resultant patient mix characteristics, both price and costs, of uninsured/charity once they are covered?

The net result of healthcare reform still seems a positive, but these questions are more complex than simply computing incremental revenues if today's uninsured receive Medicare-style reimbursement.

What Do We Believe?

- There will be increased value to Tenet from
 - Reduction in uncompensated care expense
 - An increase in utilization by the formerly uninsured
- We will optimize our facilities to the new patient and payer mix that evolves (“TGI-2”)
- We welcome the emphasis on quality and the reduction of cost/medical inflation
- But still too little definition and too many potential positives and negatives to create a definitive conclusion or model



2009 EBITDA Outlook

2009 Outlook: Trends Are Net Positive

- Economically driven bad debt pressures remain; could be mitigated by continued declines in uninsured volumes
- Commercial admissions below expectations has reduced revenues
 - Largely offset by strengthening of commercial and government O/P and patient mix with generally wider margins
- Cost efficiencies running ahead of plan
 - SW&B savings from reduced contract labor and overtime expense
 - Malpractice savings
- NorthShore's move to disc ops benefits 2009 Outlook by \$5mm

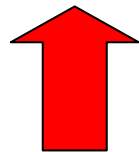
Bad Debt Expense Impacted by Partially Offsetting Factors

Bad debt expense (*same-hospital*):

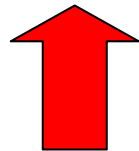
Q1'09 = \$153mm, or 6.8 percent of net operating revenues

Q1'08 = \$147mm, or 6.7 percent of net operating revenues

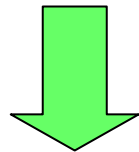
Bad Debt
Factors



Unfavorable: Self-pay collection rates decline to 31.4% in Q1'09 from 35.0% in Q1'08



Unfavorable: Higher pricing and patient insurance deductibles and co-pays



Favorable: Uninsured revenues decline by \$16mm, or 10.1%

2009 Volume Growth (YTD)

<i>Growth Rate (%)</i>	Q1'09 ⁽¹⁾	April	May (thru May 28) ⁽²⁾	Q2'09 (thru May 26) ⁽²⁾
Commercial				
IP Admits	(2.0)	(6.9)	(7.6)	(7.0)
OP Visits	(0.4)	(0.5)	n/a	n/a
Government				
IP Admits	0.9	1.0	1.4	1.5
OP Visits	6.9	7.7	n/a	n/a
Paying Volumes				
IP Admits	(0.1)	(0.7)	(0.9)	(0.5)
OP Visits	3.4	4.2	n/a	n/a
Uninsured + Charity				
IP Admits	(0.7)	(0.7)	(0.7)	(0.8)
OP Visits	(10.4)	(2.2)	n/a	n/a
Total				
IP Admits	(0.1)	(0.7)	(0.9)	(0.6)
OP Visits	1.8	3.5	n/a	n/a

(1) Adjusted for "Leap Year Effect" in Q1'09, as compared to actual volumes in Q1'08.

(2) Time periods chosen to represent complete 7 day periods for comparability between 2008 and 2009.

n/a = Outpatient information for May is not available until books are closed on Tenet's freestanding centers and clinics.



2009 Outlook Assumptions

		2009 Outlook			2008 Actual
		June 1, 2009	May 5, 2009	Feb 24, 2009	
Admissions - growth ⁽¹⁾	(%)	(1.0) – 0.0	n/c	0.0 – 1.0	1.2
Outpatient visits – growth ⁽¹⁾	(%)	1.5 – 3.0	n/c	0.0 – 1.0	(0.1)
Net operating revenues – growth	(%)	3.0 – 5.0	n/c	4.0 – 6.0	6.1
Net operating revenues	(\$Bil)	8.9 – 9.1	n/c	9.0 – 9.2	8.7
Controllable operating expenses PAPD – Growth	(%)	1.0 – 2.0	n/c	2.0 – 3.0	2.7
Controllable operating expenses	(\$Bil)	7.4 – 7.5	n/c	7.5 – 7.6	7.3
Bad debt ratio	(%)	n/c	n/c	8.3 – 9.3	7.3
Bad debt expense	(\$mm)	n/c	n/c	750 – 850	632
Adjusted EBITDA ⁽²⁾	(\$mm)	n/c	760 - 825	735 – 800	732
Depreciation and Amortization	(\$mm)	n/c	n/c	400 – 420	373
Interest Expense, Net	(\$mm)	n/c	460 - 445	470 – 450	402
Loss from continuing operations before income taxes ⁽²⁾	(\$mm)	n/c	(100) – (40)	(135) – (70)	(43)
Net loss from cont. ops. (2009 normalized at 37.1% tax rate) ⁽²⁾	(\$mm)	n/c	(63) – (25)	(85) – (44)	(39)
E.P.S. (2009 normalized at 37.1% tax rate, continuing operations) ⁽²⁾	(\$)	n/c	(0.13) – (0.05)	(0.18) – (0.09)	(0.08)

(1) Same-hospital annual growth versus prior year

(2) Excludes impairments, restructuring charges, litigation costs, net gains (losses) on sales of investments, and net gain related to debt exchange



2009 Adjusted EBITDA Walk-Forward

(Continuing operations)

Line #	(\$mm)	Revised Outlook (6/01/09)				Change to Adjusted EBITDA	Prior Outlook (5/5/09)
		Revenue	Bad Debt Expense	Cost	Adjusted EBITDA		
1	2008	8,663	(632)	(7,299)	732	-	732
2	Volume – assuming constant mix ^(a)	25	(2)	(14)	9	(15)	24
3	– impact from adverse mix shift	(69)	(4)	-	(73)	(30)	(43)
4	Pricing – Base Line Increase ^(b)	292	(28)	-	264	-	264
5	– Managed Care ^(c)	49	-	-	49	-	49
6	Costs – Base Line Inflation ^(d)	-	-	(253)	(253)	45	(298)
7	– Cost Reduction Initiatives ^(e)	-	-	180	180	-	180
8	Bad Debt – impact of rate differential only ^(f)	-	(110)	-	(110)	-	(110)
9	Other ^(g)	57	(7)	(23)	27	-	27
10	Total – Upper End of Adjusted EBITDA Range	9,017	(783)	(7,409)	825	-	825
11	Allowance for risk ^(h)				(65)		(65)
12	Total – Lower End of Adjusted EBITDA Range				760	-	760

(a) Assumes admissions decline of 0.5% and outpatient visit growth of 2.0%, using 2008 average pricing. Margin assumption on incremental revenues 40%.

(b) Base line pricing increases of approximately 3.5%. This assumption is before discrete initiatives valued in this analysis.

(c) Rate parity price increases in existing contracts and anticipated future increases plus \$7mm from P4P payments.

(d) Inflation rate of 3.5% reflects normal merit increases, union contract adjustments, supply cost increases and other items before discrete initiatives valued in this analysis.

(e) Full year impact of cost initiatives initiated in late 2008; malpractice reductions; plus original \$29mm in 2008's estimates as previously disclosed

(f) Assumes 2009 bad debt ratio of approximately 8.7%, a 110 basis point increase over our Q4'08 bad debt ratio of 7.6%. Bad debt ratio was 7.3% in 2008.

(g) Includes impact of Sierra Providence East Medical Center (El Paso) and Coastal Carolina Hospital.

(h) Various risks including volume growth, volume mix, and bad debt create at least \$65 million in uncertainties for 2009 performance.

This schedule is not intended to provide a series of spot estimates or line item guidance. Other combinations of line item performance could produce the same or higher or lower results.





Cash and Capital Structure

Cash Initiatives and Divestitures

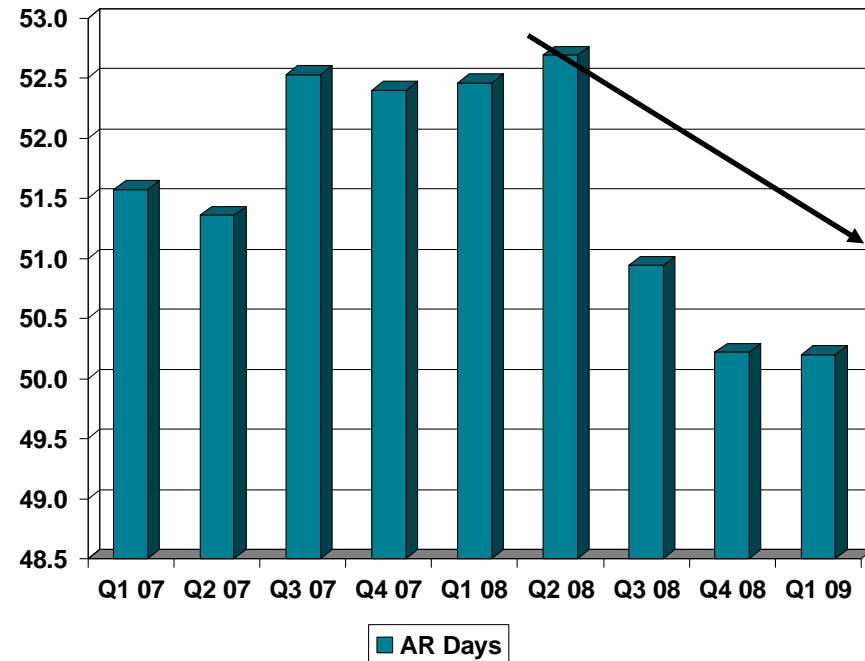
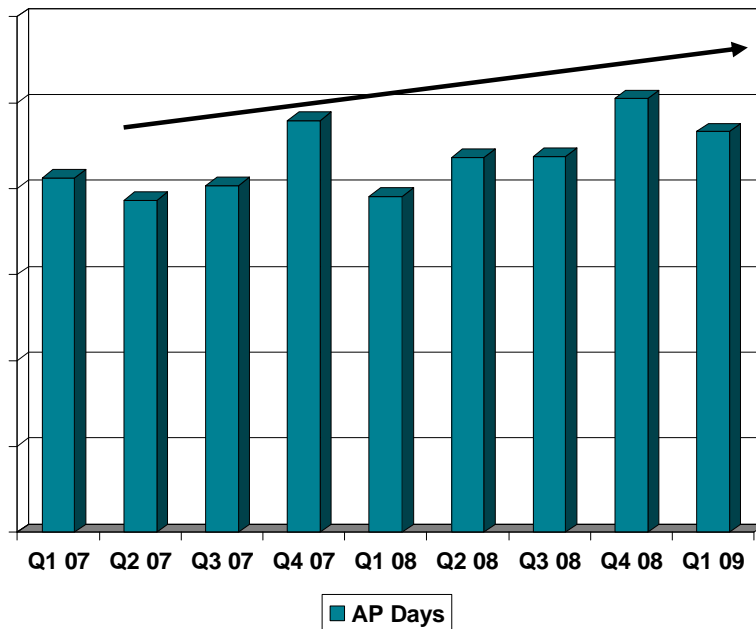
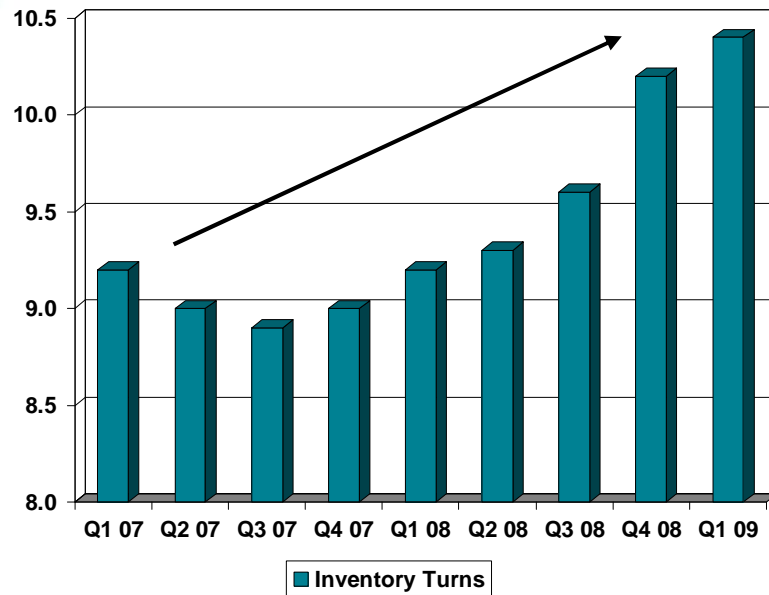
(\$mm)

- \$129 . . . 2007 cash initiatives
- 307 . . . 2008 cash initiatives
 - 144 Broadlane sale
 - 60 Redding insurance settlements
 - 50 Hospital divestitures (San Dimas, Garden Grove, Encino & Tarzana)
 - 53 Other
- 364 ⁽¹⁾ . . . 2009 cash initiatives
 - 275 USC sale (including \$30mm of working capital)
 - 63–98 Other
- 800 ⁽¹⁾ . . . 2007-2009 Sub-total

(1) Mid-point of range

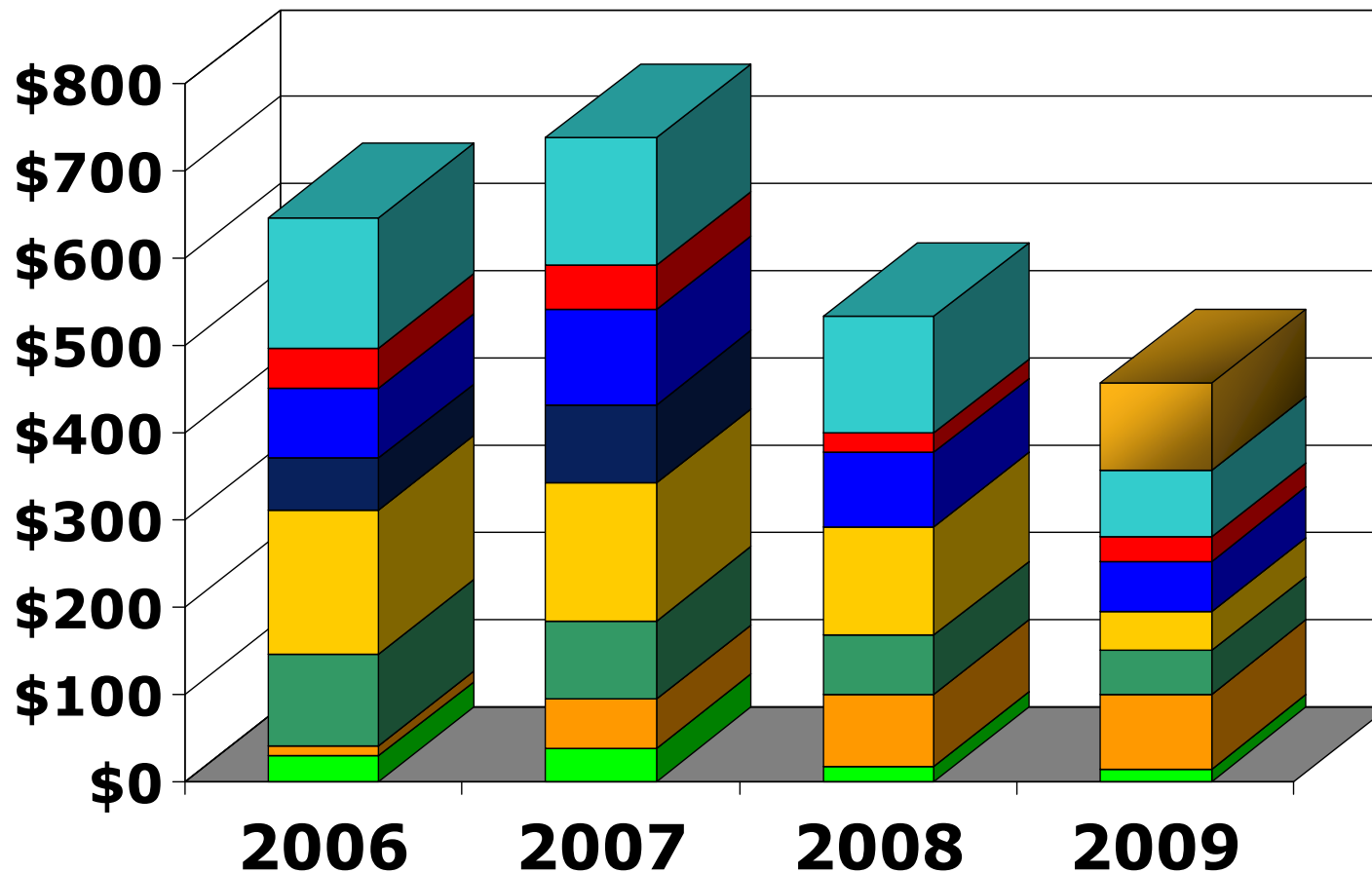
(2) Estimates above exclude \$75mm California wage and hour settlements, but these settlements are included in the 12/31/09 Outlook for cash

Balance Sheet Performance Metrics



Capital Spending

(\$mm)



- Seismic & ADA
- Systems
- Bolus
- Basic Clinical Equip Replacement Plan
- New Hospital Construction
- Outpatient & Diag. Equip
- Construction- Service Expansion
- Base, Fac Maint & Other
- Contingency



Significant Capacity Remains for Secured Debt

Primary Debt Restrictions (\$ billions)	After renegotiation of credit facility		4/05/08	
	Debt Indentures	Credit Facility ⁽¹⁾	Debt Indentures	Credit Facility
Total capacity for issuing secured debt	3.4 ⁽²⁾	3.6 ⁽³⁾	3.2	1.8
Existing secured debt ⁽⁴⁾	1.4	1.4	1.4	1.4
Remaining capacity to issue secured debt	2.0	2.2 ⁽⁵⁾	1.8	0.4
Sale leaseback capacity ⁽⁶⁾	0.5	0.5	0.5	0.5
Total unused secured financing capacity (secured debt + leaseback)	2.5	2.7 ⁽⁵⁾	2.3	0.9

- (1) Tenet's \$800 million credit facility is secured by accounts receivable. Borrowing capacity under the credit facility was \$598 million as of 03/31/2009.
- (2) Debt indentures limit secured debt to the greater of \$3.2 billion, or four times EBITDA (LTM) (currently \$3.4 billion). Incremental debt which is pari-passu with \$1.4 billion senior secured debt issued in March 2009 is limited to the greater of \$2.6 billion, or three times EBITDA (currently \$2.5 billion). Secured debt issued in excess of \$2.6 billion or three times EBITDA will be subordinated to any debt secured pari-passu with the the \$1.4 billion senior secured debt issued in March 2009.
- (3) Credit facility limits secured debt to \$200 million basket plus, for purposes only of refinancing existing unsecured debt, the greater of \$3.2 billion or four times EBITDA (LTM) (currently \$3.4 billion).
- (4) Issued to refinance unsecured debt in March of 2009. Does not reflect June 2009 debt offering.
- (5) Issuance of secured debt is limited by the credit facility to the refinancing of existing debt (\$3.45 billion unsecured debt outstanding)
- (6) Sale leaseback capacity (operating leases) is unlimited under the credit facility but is limited by debt indenture to the greater of \$500 million, or 5% of consolidated total assets (currently \$405 million).

Status of Current Tender and Debt Offer

Date	Notes Offer	Tender Offer
May 29		Launched: Up to \$1 billion of 9.875% senior notes due 2014
June 1	Priced \$925 million of 8-7/8% Senior Secured Notes due 2019	
June 11		Early Tender Deadline: <ul style="list-style-type: none"> • Notes tendered by this date received \$1,000 per \$1,000 principal amount (includes early tender premium of \$30) • Notes tendered after this date receive \$970 per \$1,000 principal amount
June 15	Note offering closes	Optional early settlement if \$1 billion of notes tendered
June 25		Expiration Date/ Settlement

2009 Cash Walk Forward

(\$mm)

	Low	High
2009 EBITDA	760	825
Add Back: Stock Compensation Charges	20	25
Changes in Cash from Operating Assets and Liabilities	(120)	(100)
Interest Payments	(420)	(435)
Adjusted Net Cash Provided by Operating Activities – Cont. Ops.	240	315
Capital Expenditures – Cont. Ops.	(400)	(450)
Adjusted Free Cash Flow – Cont. Ops.	(160)	(135)
Income Tax Refunds	15	25
Payments against Reserves for Restructuring Charges, Litigation Costs and Settlements	(190)	(170)
Net Cash Provided (Used In) Operating Activities from Disc. Ops.	(10)	10
Investing Activities, Reserve Fund, Divestitures and Other	308	343
Net Financing Activities*	(20)	(30)
Net Increase (Decrease) in Cash and Cash Equivalents	(57)	43
Cash and Cash Equivalents December 31, 2008	507	
Cash and Cash Equivalents December 31, 2009	450	550

* Before effects of June 2009 bond tender and new issue



April 1 – Dec 31, 2009 – Cash Walk Forward

(\$mm)

	Low	High
EBITDA Outlook (Q2'09-Q4'09)	484	549
Add Back: Stock Compensation Charges	13	18
Changes in Cash from Operating Assets and Liabilities	48	68
Interest Payments	(271)	(286)
Adjusted Net Cash Provided by Operating Activities – Cont. Ops.	274	349
Capital Expenditures – Cont. Ops.	(299)	(349)
Adjusted Free Cash Flow – Cont. Ops.	(25)	0
Income Tax Refunds	15	25
Payments against Reserves for Restructuring Charges, Litigation Costs and Settlements	(162)	(142)
Net Cash Used In Operating Activities from Disc. Ops.	(66)	(46)
Investing Activities, Reserve Fund, Divestitures and Other	32	67
Net Financing Activities*	4	(6)
Net Increase (Decrease) in Cash and Cash Equivalents	(202)	(102)
Cash and Cash Equivalents March 31, 2009	652	
Cash and Cash Equivalents December 31, 2009	450	550

* Before effects of June 2009 bond tender and new issue



Driving to Positive Free Cash Flow ⁽¹⁾

(\$mm)	2009	2010	Normalized
Fixed Obligations			
Interest	(430)	(430)	(430)
Government (DOJ) ⁽²⁾	(90)	(70)	-
Litigation (Ca. Wage & Hour) ⁽²⁾	(75)	-	-
Taxes ⁽²⁾	5	(95)	15
Capex ⁽³⁾	(450)	(450)	(450)
Normal growth in working capital	(50)	(25)	(50)
Sub-total – Uses of cash	(1,090)	(1,070)	(915)
Illustrative Pro Forma Free Cash Flow:			
EBITDA @ \$900mm			(15)
EBITDA @ \$1,000mm			85
EBITDA @ \$1,100mm			185
EBITDA @ \$1,200mm			285

(1) Amounts in table are rounded estimates and do not reflect exact obligations/expectations

(2) Amounts are excluded from Adjusted Free Cash Flow, a non-GAAP measure not presented in this table

(3) Assumes constant Capex with 2009. This will be adjusted upward for HIT and high return projects



Summary

- **Healthcare reform:** Potential for upside is there, but impossible to draw quantifiable conclusions until more details become available
- **2009 Outlook:** Increasing optimism towards upper end of \$760-825mm range (adjusted EBITDA)
- **Cash:** Increasing visibility with USC completed
- **Capital structure:**
 - Significant extension of near-term maturities
 - Gradual deleveraging through stronger profitability
- **Keys to positive free cash flow in the future**
 - Volume and reasonable mix (40% estimated incremental margin)
 - Healthcare reform and Conifer provide upside